

## **News Analysis: Substantial Minority of Scrutinized EOs Were Not Conservative**

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We know now that the IRS used "inappropriate criteria" -- names and policy views associated with conservative and Tea Party causes -- for selecting applications for tax-exempt status for extra review. The Treasury Inspector General for Tax Administration laid out the charges in a May 14 report [\[1\]](#), and the IRS has admitted it made errors. (Prior coverage [\[2\]](#). Prior analysis [\[3\]](#).)

But TIGTA's report doesn't shed much light on whether other organizations were subject to similar review. As the early furor gives way to more careful investigations, it will be important to get a more complete picture of IRS processing of applications for tax exemption.

The IRS has helped somewhat by releasing a list [\[4\]](#) of all the "centralized" groups (that is, organizations whose applications were referred to specialists for closer review) that were granted tax-exempt status as of May 9, 2013. Though the overlap between the subset and the full set of centralized groups isn't perfect, the list suggests that the majority of groups selected for extra scrutiny probably matched the political criteria the IRS used and backed conservative causes, the Tea Party, or limited government generally. But a substantial minority -- almost one-third of the subset -- did not fit that description.

### **'Potential Political Cases'**

In its report, TIGTA reviewed all 298 applications for tax-exempt status that were classified by IRS employees in Cincinnati as "potential political cases" from May 2010 through May 2012. Some of these were flagged for special attention because the words "Tea Party," "patriots," or "9-12 project" were referenced in their case file or because their applications espoused policy positions that would be associated with conservative causes. "Potential political cases" is the term used by TIGTA. The IRS uses the term "advocacy cases," and before July 2011 it used the term "Tea Party cases." (See footnote 13 of the report.)

Of these 298 applications, TIGTA reported that 96 had "Tea Party," "patriots," or "9-12 project" in their names (Figure 4). TIGTA, however, made no determination as to which of the 298 were selected based on the organization's policy positions (footnote 18). The TIGTA report also found that 89 of these applications were for 501(c)(3) status, and the remaining 209 were for 501(c)(4) status.

## The 176 Who Made It Through

On May 15 the IRS released a list of 176 advocacy organizations that were approved for tax-exempt status. This group of applications should have considerable overlap with the 298 that were the subject of the TIGTA report. But there are two differences. First, the TIGTA list covers organizations regardless of whether there was subsequent approval. The later IRS list only includes organizations receiving approval. By law, the IRS may only disclose information from organizations that have received approval.

Second, the TIGTA list does not include applications received after May 2012. The later IRS list could include organizations whose applications were received by the IRS office in Cincinnati after May 2012.

In a separate May 15 release [\[1\]](#), the IRS said the total number of advocacy cases it has handled since the selection began in May 2010 is approximately 470. This suggests that approximately 172 applications (that is, 470 minus 298) have been filed after the end of the application period examined by TIGTA.

Of the 176 organizations the IRS has approved, Tax Analysts counted 46 that had either "Tea Party," "patriots," or "9-12 project" in their name. The table released by the IRS indicated that 136 of all approved organizations were awarded 501(c)(4) status, 39 received 501(c)(3) status, and one was granted 501(c)(6) status.

## IRS Officials Protest

On several occasions, IRS officials have said that the extra scrutiny of advocacy organizations was not limited to conservative groups:

- The TIGTA report (p. 8) states: "According to the Director, Rulings and Agreements, the fact that the team of specialists worked applications that did not involve Tea Party, Patriots, or 9/12 groups demonstrated that the IRS was not politically biased in its identification of applications for processing by the team of specialists."
- In her November 2, 2012, written response [\[2\]](#) to questions posed by TIGTA, Lois Lerner, exempt organizations director in the IRS Tax-Exempt and Government Entities Division (who is now on leave), stated: "In light of the diversity of applications selected under this 'tea party' label (e.g., some had 'tea party' in their name but others did not, some stated that they were affiliated with the 'tea party' movement while *others stated they were affiliated with the Democratic or Republican party*, etc.), the Acting Director, EO Rulings & Agreements sought clarification as to the criteria being used to identify these cases." [Emphasis added.] (Prior coverage [\[3\]](#).)
- In the May 15 IRS release referenced above, the agency stated: "During certain periods (August 2010 to July 2010 and January 2012 to June 2012), specific names, terms, and policies (such as Tea Party and Patriot) were inappropriately used to determine which cases should be centralized. However, *case selection*

*during these periods was not limited to these criteria."* It also stated: "The TIGTA report reflects that 300 cases were centralized. Approximately 70 of those cases included the name Tea Party. *The remaining cases included organizations of all political views.*" [Emphasis added.]

- And in his May 17 testimony before the House Ways and Means Committee, outgoing acting IRS Commissioner Steven Miller had the following exchange with Rep. Peter J. Roskam, R-Ill.:

Roskam: If the targeting wasn't targeting, if the targeting wasn't based on philosophy, how come only conservatives got snagged?

Miller: They didn't, sir. Organizations from all walks and all persuasions were pulled in. That's shown by the fact that only 70 of the 300 organizations were Tea Party organizations of the ones that were looked at by TIGTA.

Because the IRS is prohibited by law from releasing information on applications either denied or not yet approved, we will probably never know the political persuasions of all of the 298 advocacy cases selected for extra scrutiny and of the additional 170 or so applications selected since then. We can, however, try to assess the political persuasion of the 176 approved organizations that the IRS identified on May 15.

### **Tax Analysts Review**

As noted, 46 organizations on the May 15 IRS list had "Tea Party," "patriots," or "9/12" in their name. Tax Analysts conducted Web searches of the other 130 organizations on the list to determine if the groups were conservative organizations. In 124 cases, we found what we believe is sufficient information to make a good-faith determination whether a group was conservative.

Obviously, subjective judgment must be exercised here, and, of course, there may be disagreement about our determinations. We invite readers to review the following table, and upon request, we will send our notes to assist them in making their own determinations. These notes consist mostly of statements taken from the organizations' websites or from news reports describing the organization. In a few cases, this information could not be located, and we used the views of individuals associated with the organization to identify its political leanings.

With all of these caveats, the results of the Tax Analysts review of these organizations are the following: 46 with Tea Party, Patriots, or 9/12 in their name, 76 other conservative organizations, 48 nonconservative organizations, and six organizations about which we can make no determination. A table with brief descriptions of the 48 nonconservative groups appears below.

Ultimately, to address the question whether the IRS's review of applications for tax-exempt status has had a disparate impact on one side of the political spectrum or the other, we will need to know more about the overall pool of advocacy groups applying for tax exemption. For example, if there were a surge in the creation of potentially political conservative organizations in the last few years (that was disproportionate to

the creation of nonconservative organizations), more conservative groups would be targeted than nonconservative groups even if there were no political bias among IRS officials. Looking at the makeup of exemption-approved groups tells us nothing about bias unless we know the makeup of the group from which they were selected.

**Table 1. Nonconservative 'Centralized' Tax-Exempt Organizations**

Organization Name	Status	Mission or Description
1. Across the Aisle Foundation	501(c)(3)	Educational arm of No Labels, a centrist policy advocacy group; encourages bipartisanship on Capitol Hill.
2. ALICE (American Legislative and Issue Campaign Exchange)	501(c)(3)	Provides a Web-based public library of progressive law on a wide range of issues in state and local policy ("a very partial antidote to ALEC [American Legislative Exchange Council], the corporate-backed group").
3. Chattanooga Organized For Action	501(c)(3)	Helps individuals and organizations "to build the power of everyday people from marginalized and oppressed communities to take control of the circumstances of their lives."
4. Comeback America Initiative Inc.	501(c)(3)	"[Promotes] fiscal responsibility and sustainability by engaging the public and assisting key policymakers on a nonpartisan basis in order to achieve solutions to U.S. fiscal imbalances." Former U.S. Comptroller General David Walker is founder.
5. Corporate Accountability Project	501(c)(3)	A project of Philadelphia-based ActionPA; "provides educational organizing

		resources for fighting corporate power."
6. East Hampton Group for Good Government Inc.	501(c)(3)	Promotes improved local government in East Hampton, N.Y.
7. Engage San Diego	501(c)(3)	San Diego-based "regional network of organizations working in historically underrepresented and socially responsible communities."
8. Intersections Inc.	501(c)(3)	A network of ministries to empower young people in American Samoa "through programs that combine the arts and technology with the educational, vocational, and spiritual disciplines."
9. Miami-Dade Taxpayers Alliance Inc.	501(c)(3)	"An independent, nonpartisan research institute dedicated to better stewardship of Miami-Dade County's tax dollars."
10. National Jobs for All Coalition	501(c)(3)	"Committed to building a new movement for full employment at livable wages." Affiliated with many liberal organizations.
11. Northeast Ohio Voter Advocacy Inc.	501(c)(3)	"Enables and expands voter education and registration in underrepresented areas of the City of Cleveland, Cuyahoga County, and other counties of northeast Ohio."
12. Open Sky Policy Institute	501(c)(3)	Nebraska-based fiscal policy research group; generally opposes income tax cuts.
13. Progress Missouri Education Fund	501(c)(3)	"Multi-issue progressive advocacy organization"

		focused on state and local policy.
14. Public Works: The Center for the Public Sector	501(c)(3)	Director previously founded the Texas-based Center for Public Policy Priorities, a nonprofit, nonpartisan organization committed to building the economic and social well-being of low-income Texans.
15. Rebellious Truths	501(c)(3)	Seeks to "unveil the curtain of dastardly deeds and the cobweb of lies entangling America."
16. Restoration Philadelphia Inc.	501(c)(3)	Grass-roots organization made up of individuals, churches, and ministries committed to "mobilizing the Church of Philadelphia to fulfill its destiny and restoring the City of Brotherly Love, so that the vision of William Penn's Holy Experiment becomes a reality and the Glory of God is revealed all."
17. Sarasota Tiger Bay Club Inc.	501(c)(3)	Nonpartisan political organization that hosts debates, forums, and speakers in central Florida.
18. Center for Election Science	501(c)(3)	San Francisco-based group dedicated to "election-related scholarship."
19. Center for Health Care Policy	501(c)(3)	Conducts research and analysis necessary for the creation of a single-payer healthcare system.
20. Alliance for a Better Utah Inc.	501(c)(4)	Multi-issue education and advocacy organization promoting progressive ideas and causes.
21. Campaign for Vermont Prosperity Inc.	501(c)(4)	Advocates for greater state government transparency

		and accountability and a stronger economy with more and better-paying jobs while espousing a commitment to social responsibility and environmental stewardship.
22. Coffee Party USA	501(c)(4)	Founded on the underlying principle that the government "is not the enemy of the people." Seeks to remove corporate influence from politics.
23. Committee for a Fair Judiciary	501(c)(4)	Focuses on the roles and responsibilities of senators in the judicial selection process and seeks to educate the public about how the process works and how it could work better.
24. Freedom Club	501(c)(4)	Aims to guide members to financial, health, emotional, and spiritual freedoms ("to raise the life energy of Mother Earth and Mankind to new heights and welcome in the new era of Love, Prosperity and Cooperation").
25. Delawareans for Social and Economic Justice	501(c)(4)	National coalition of community-based organizations composed of parents and students in low-income communities focused on unveiling a report on schools that are



		eligible for federal turnaround intervention.
26. Grantville Action Group	501(c)(4)	Local government group in San Diego that opposes development.
27. Homeless but Not Powerless	501(c)(4)	Registers voters at shelters, soup kitchens, parks, and jails.
28. League of Women Voters of Hawaii	501(c)(4)	State chapter of national organization to educate policymakers and the public on issues.
29. Louisiana Progress Action Fund Inc.	501(c)(4)	Advances progressive state policy solutions.
30. Middle Class Taxpayers Association	501(c)(4)	San Diego-based organization that serves as a voice for those "not served by big business-funded taxpayer groups."
31. Missourians for Fair Taxation	501(c)(4)	Group opposing reductions in income tax that are paid for through sales tax increases.
32. New American Economy Action Fund	501(c)(4)	Coalition of CEOs, start-up founders, and venture capitalists formed to press Congress to pass immigration reform that would encourage innovation and create jobs.
33. New York Civic Action Inc.	501(c)(4)	Associated with left-leaning network action groups.
34. Nicolas Berggruen Institute	501(c)(4)	Dedicated to the design and implementation of new ideas of good governance that can be brought to bear on the common challenges of globalization in the 21st century.
35. No on 22 -- Citizens Against Taxpayer Giveaways	501(c)(4)	Opposes California Proposition 22, which would give money to



		redevelopment agencies at the expense of state core services such as public education. Sponsored by firefighters.
36. Progressive Leadership Alliance of Nevada	501(c)(4)	Brings diverse and potentially competing organizations together into one cohesive force for social and environmental justice in Nevada.
37. Progress Missouri Inc.	501(c)(4)	Promotes a stronger progressive movement in Missouri and advances in progressive public policy.
38. Progress Texas	501(c)(4)	Organizes rapid response communications in opposition to conservative groups.
39. Progressive USA Inc.	501(c)(4)	"We advocate for sensible policy solutions, hold our nation's elected officials accountable for their actions and take head-on the flawed policies and hypocrisy of the radical right."
40. Progressives United Inc.	501(c)(4)	Opposes corporate influence in the political system.
41. Progress Now	501(c)(4)	Progressive campaign.
42. Rebuild the Dream	501(c)(4)	Supports pro-union demonstrations in Wisconsin.
43. RVA Alliance Inc.	501(c)(4)	Affiliated with the Alliance for Progressive Values.
44. Texas Business for Higher Education	501(c)(4)	Promotes education with no apparent political agenda.
45. Tie the Knot	501(c)(4)	Sells bow ties to raise money to promote legalizing same-sex marriage.
46. TN Fair Tax	501(c)(4)	Promotes the creation of a progressive Tennessee

		state tax structure that ensures adequate revenues.
47. U.S. Common Action	501(c)(4)	Group's president is affiliated with California Common Sense, a group dedicated to open government.
48. U.S. Health Freedom Coalition Inc.	501(c)(4)	Promotes the right to access alternative medical treatments such as naturopathy.

*Source: Tax Analysts review of IRS data and organizations' websites.*